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Date:
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Argentina

Grain and Feed Update

2011

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Report Highlights:
Post's wheat production is at 13.0 million metric tons (MMT), lower than USDA's number as a result of dry weather during winter affecting key production areas. Sorghum area for 2011/12 is up at 1.0 million hectares, due to favorable market conditions and the expectations of somewhat dry weather. Barley area is estimated at 1.0 million hectares, an increase of approximately 30 percent from the previous year. The Government is working on a new commercialization system to improve the market of wheat and corn.

Post:
Buenos Aires

Author Defined:

Wheat: Post's production for 2011/12 is at 13.0 MMT, 500,000 MT lower than USDA's number. After a dry winter in several parts of the growing region, spring rainfall alleviated stressed wheat but yields will still be negatively affected especially in Cordoba province and in the south western part of Buenos Aires province. The south-eastern area of Buenos Aires province, the main producing area is in good condition and benefiting from good humidity throughout the crop cycle. The harvest has begun in Northern provinces.

Post adjusted production upwards at 15.5 million metric tons (MMT) for 2010/11 based on slightly higher yields than expected. Exports are expected up at 9.2 MMT. Ending stocks are estimated at 1.8 MMT, but they could be somewhat larger as many farmers still have significant volumes stored on-farm.

Barley: Planted area for 2011/12 is estimated at 1.0 million hectares, an increase of over 30 percent compared to last year. The main reason for such an increase is that barley prices are currently higher than wheat and it is easier to market as it is not controlled by the government. Another important factor is that in southern Buenos Aires province farmers harvest 15-20 days earlier than wheat and can advance the planting of second crop soybean, reducing the risk of yield loss due to frost at harvest time.

Corn: Area for 2011/12 increased to 3.8 million hectares, more than USDA's number. Production is forecast at 27.5 MMT. Most weather forecasters expect a mild La Nina for Argentina, which could mean drier weather than normal. The main central corn production area suffered a dry winter, but some spring rainfall has somewhat replenished soil humidity which was very beneficial for planted corn and for farmers to finish their sowing. During the dry winter, many producers decided to stop planting corn (in September/October) and plant a late crop in December to avoid flowering in the hottest and normally drier month of January. A higher production is expected to supply higher surpluses for export, with total shipments at 19.5 MMT. There continues to be expectations of corn exports to China, which local traders estimate could range between 2-3 million tons in 2012. The Argentine government is confident that in the next few months it will reach an agreement on a sanitary protocol with its Chinese counterpart. China currently restricts imports of GMO corn from Argentina.

Post increased corn area for 2010/11 at 3.4 million hectares, still 200,000 hectares lower than USDA's number, with total production at 22.5 MMT, the same as USDA. Corn exports are projected at 14.5 MMT, of which exporters to date have already purchased about 14.0 MMT. Exports are not larger because we estimate the government will want to keep a good stock for the domestic market.

Sorghum: Harvested area for 2011/12 is increased to 1.0 million hectares, with a total production expected at 4.2 MMT. Sorghum prices have lately been higher than those of corn as its commercialization is not controlled. Furthermore, under a dry weather pattern, some farmers prefer to plant sorghum instead of corn since it is

more resistant to drought. Sorghum production costs are significantly lower than corn.
Area for 2010/11 is set at 950,000 hectares, lower than USDA's figure, with production also lower at 4.0 MMT.

Rice: Area for 2011/12 is estimated slightly up from USDA's number at 235,000 hectares, with production at 975,000 MT. Area in 2010/11 dropped significantly as many small and medium producers using pumps for irrigation will switch to less costly soybeans. Producers using natural ponds will continue in the business.

Policy: There are strong rumors indicating that the government will soon implement a new marketing system for wheat and corn in order to improve the current system which producers claim works against their interests. This system presented by a farmer's cooperative needs the approval from the Ministry of Agriculture. Farmers claim they receive lower prices than what they should because exporters and wheat mills do not compete while purchasing the production. Mills are guaranteed sufficient wheat to mill and exporters are allotted tranches throughout the year. Many producers waiting for better market conditions store part of their production, putting more downward pressure on prices. Under the new system producers will receive a certificate for their declared production and will be obliged to market 40 percent of it in the local market and the balance can be freely exported. There are still many doubts about its final implementation, but most contacts believe that even though they would prefer a free market, the proposed system is better than the current system. If implemented successfully, we foresee lower ending stocks, freeing larger volumes for exports.

Production, Supply and Demand Data Statistics:

Wheat Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Dec 2009		Market Year Begin: Dec 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,650	3,650	4,400	4,400	4,700	4,600
Beginning Stocks	1,285	1,285	1,364	1,364	1,494	1,793
Production	11,000	11,000	15,000	15,500	13,500	13,000
MY Imports	3	3	5	4	5	5
TY Imports	3	3	5	4	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	12,288	12,288	16,369	16,868	14,999	14,798
MY Exports	5,099	5,099	9,000	9,200	7,500	7,700
TY Exports	5,172	5,255	7,738	7,750	8,000	6,800
Feed and Residual	25	25	25	25	25	25
FSI Consumption	5,800	5,800	5,850	5,850	5,900	5,900
Total Consumption	5,825	5,825	5,875	5,875	5,925	5,925
Ending Stocks	1,364	1,364	1,494	1,793	1,574	1,173
Total Distribution	12,288	12,288	16,369	16,868	14,999	14,798
Yield	3.	3.0137	3.	3.5227	3.	2.8261

Corn Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,750	2,700	3,600	3,400	3,600	3,800
Beginning Stocks	976	992	892	895	1,302	1,605

Production	23,300	23,300	22,500	22,500	27,500	27,500
MY Imports	7	7	10	10	10	11
TY Imports	4	7	10	10	10	11
TY Imp. from U.S.	1	1	0	1	0	1
Total Supply	24,283	24,299	23,402	23,405	28,812	29,116
MY Exports	16,491	16,504	15,000	14,500	19,500	19,500
TY Exports	16,971	16,973	15,000	14,000	18,000	18,000
Feed and Residual	5,000	5,000	5,100	5,300	5,500	5,600
FSI Consumption	1,900	1,900	2,000	2,000	2,100	2,100
Total Consumption	6,900	6,900	7,100	7,300	7,600	7,700
Ending Stocks	892	895	1,302	1,605	1,712	1,916
Total Distribution	24,283	24,299	23,402	23,405	28,812	29,116
Yield	8.	8.6296	6.	6.6176	8.	7.2368

Sorghum Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	751	800	1,000	950	850	1,000
Beginning Stocks	194	194	152	149	552	350
Production	3,629	3,629	4,400	4,000	4,000	4,200
MY Imports	0	1	0	1	0	1
TY Imports	0	0	0	1	0	1
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3,823	3,824	4,552	4,150	4,552	4,551
MY Exports	1,771	1,775	1,900	1,800	1,900	2,000
TY Exports	1,507	1,509	2,000	1,900	2,000	2,000
Feed and Residual	1,700	1,700	1,900	1,800	2,000	2,000
FSI Consumption	200	200	200	200	200	200
Total Consumption	1,900	1,900	2,100	2,000	2,200	2,200
Ending Stocks	152	149	552	350	452	351
Total Distribution	3,823	3,824	4,552	4,150	4,552	4,551
Yield	5.	4.5363	4.	4.2105	5.	4.2

Rice, Milled Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	215	215	250	256	210	235
Beginning Stocks	120	120	75	74	223	225
Milled Production	706	706	1,118	1,118	901	975
Rough Production	1,086	1,086	1,720	1,720	1,386	1,500
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	7	8	5	8	5	8
TY Imports	7	7	5	7	5	7
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	833	834	1,198	1,200	1,129	1,208
MY Exports	488	430	625	625	600	650
TY Exports	468	468	600	600	600	650
Consumption and Residual	270	330	350	350	355	380
Ending Stocks	75	74	223	225	174	178
Total Distribution	833	834	1,198	1,200	1,129	1,208
Yield (Rough)	5.	5.0512	7.	6.7188	7.	6.383